# County Budgeting 101

Seth Grigg Executive Director

www.idcounties.org



#### About IAC

IAC was incorporated in 1976 by counties as a 501(c)(4) nonprofit corporation to coordinate with county officials in improving county government

IAC is governed by a 28 member board of directors comprised of county elected officials from around the state



#### IAC's Mission

Promote county interests

Encourage ethical behavior

Advocate for good public policy on behalf of Idaho counties

Support best practices in county government

Provide education & training to assist Idaho county officials in

performance of public service



#### **About Counties**

- 44 counties
- 396 county elected officials
- All counties provide identical services (regardless of population and tax base)
- County authority is prescribed in Idaho Constitution and Idaho Code
- Counties are the administrative arm of the state
- Every Idahoan lives in a county



#### Fiscal Years

- State: July June
- Federal: October September
- County: October September



### County Budget Development Timeline

April

May

 Elected officials and department heads submit budget requests

June July

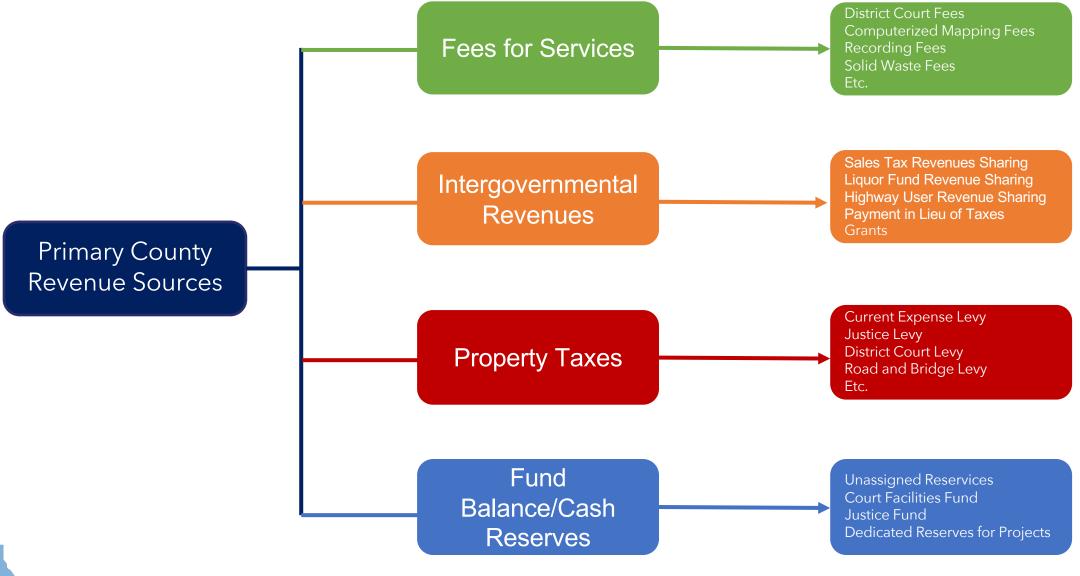
Aug

Sept.

County clerk prepares suggested budget

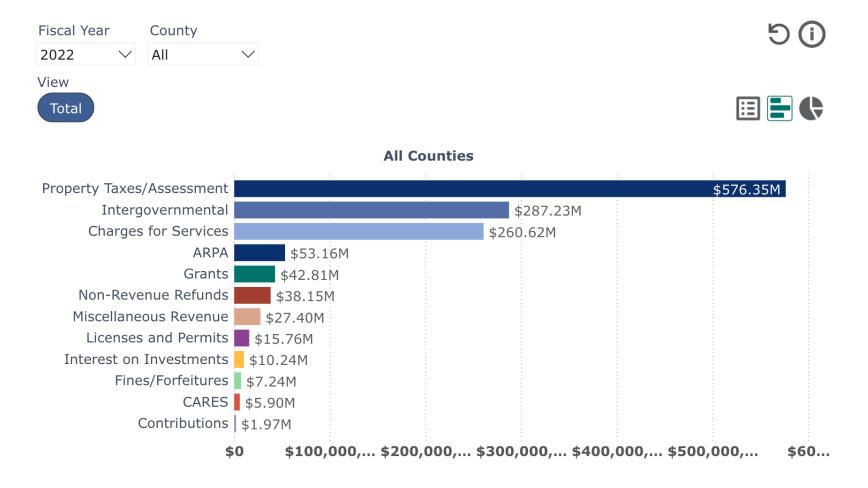
 Board of county commissioners finalize and approve county budget (after public hearing)



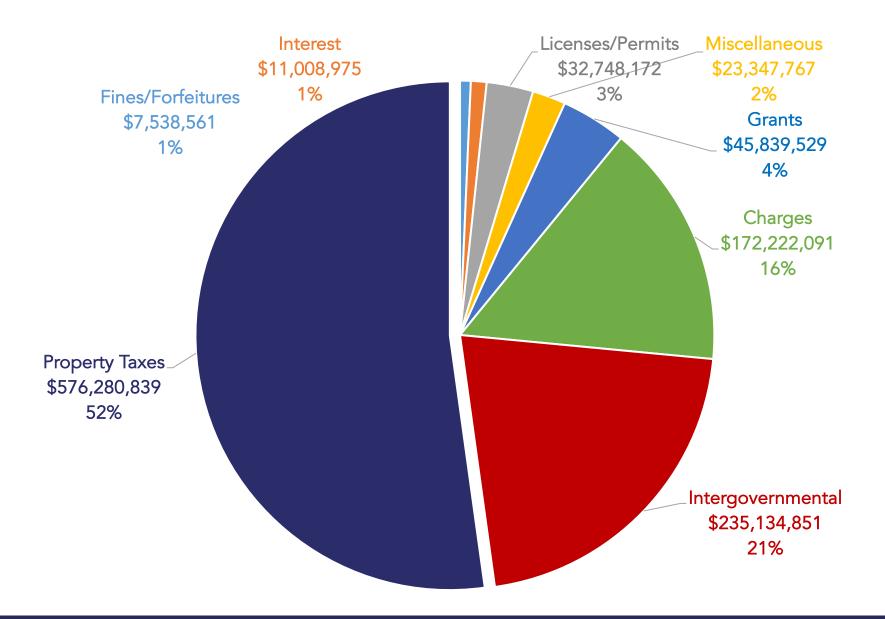




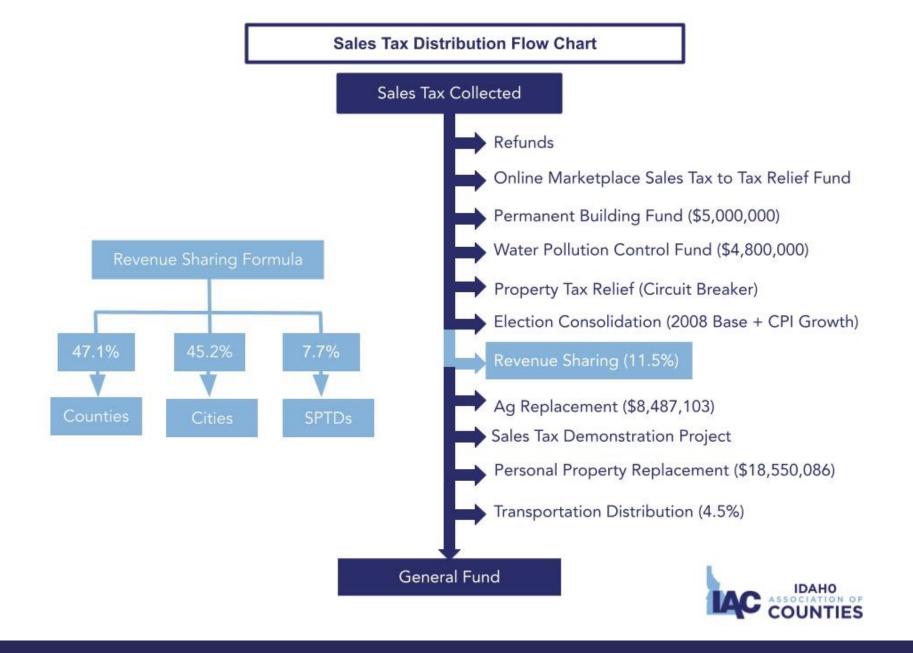
# County Revenues by Type (CFY2022)





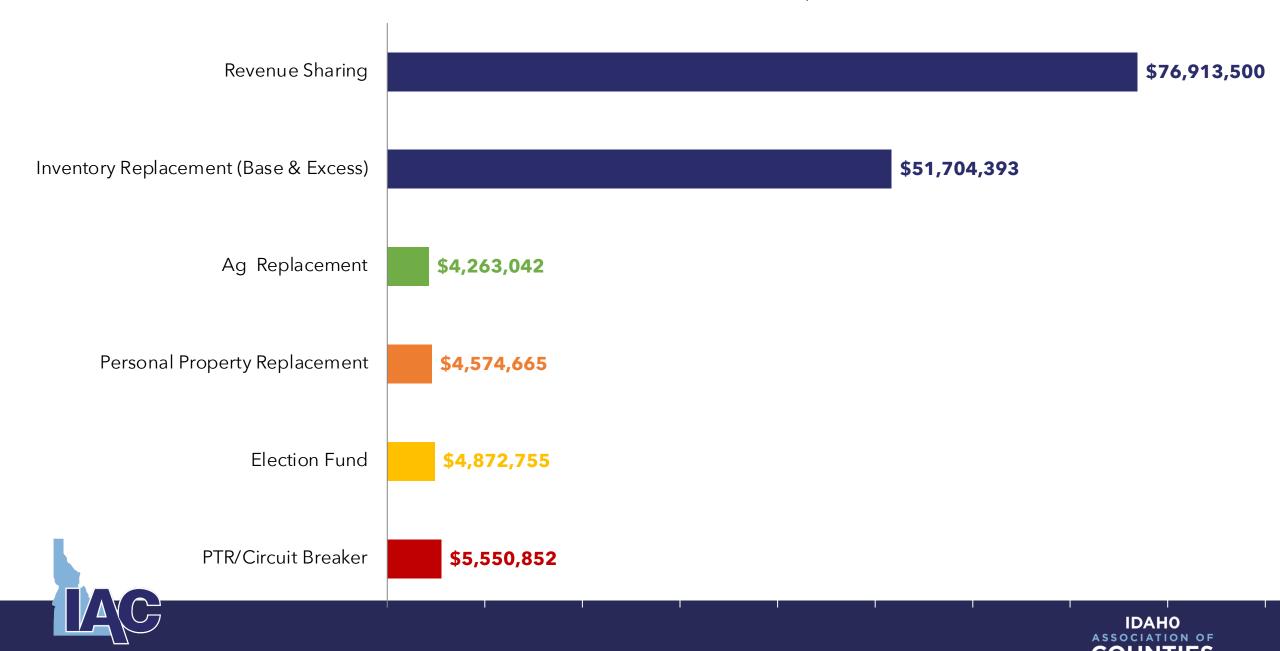








#### Sales Tax Distribution to Counties, 2021



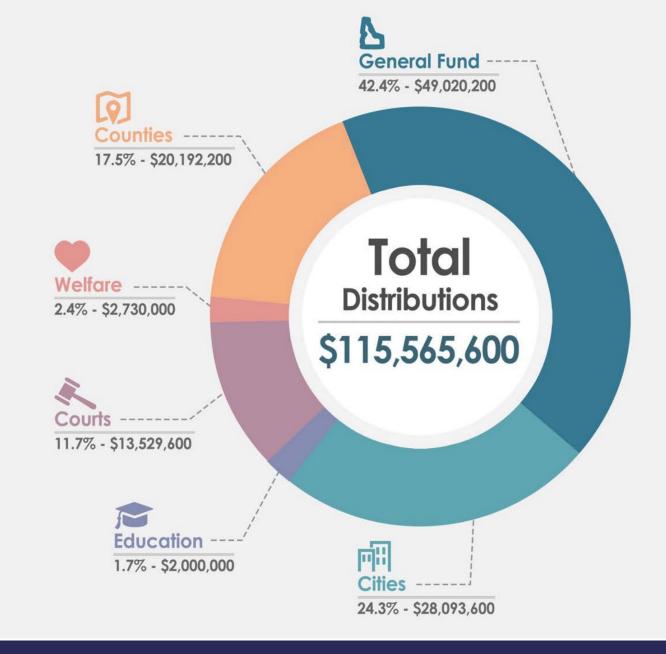
#### State and Federal Transportation Revenues to Counties, 2017-2027 (Est)





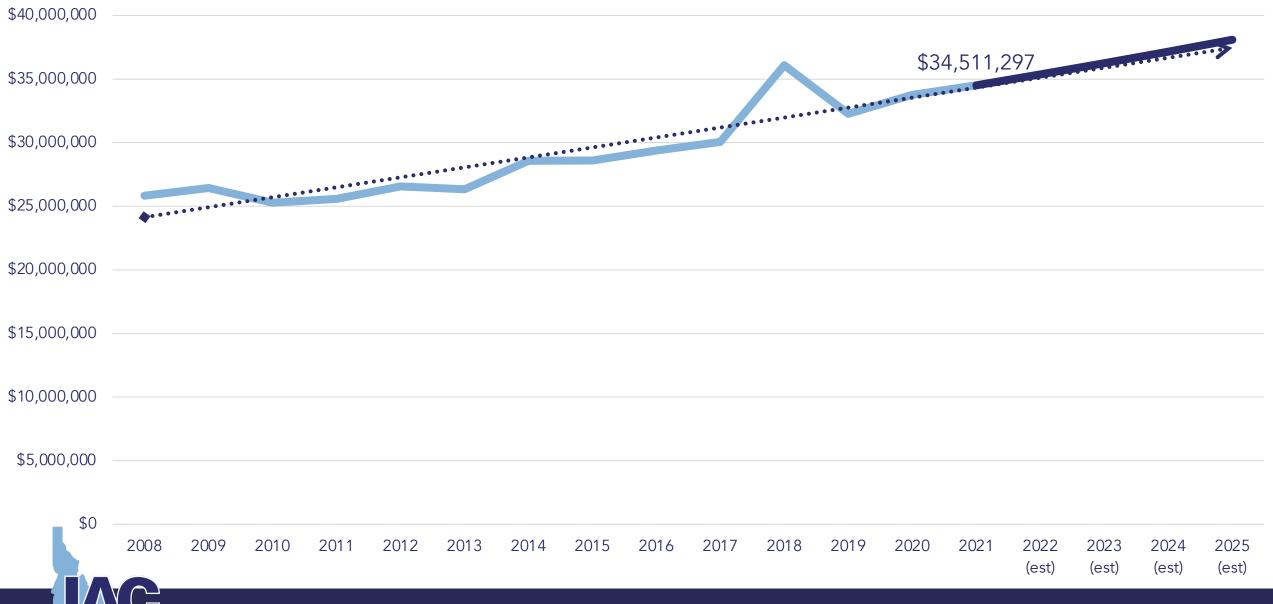
# State Liquor Fund

 In 2022 counties received \$20.2 million in distributions from the state liquor fund



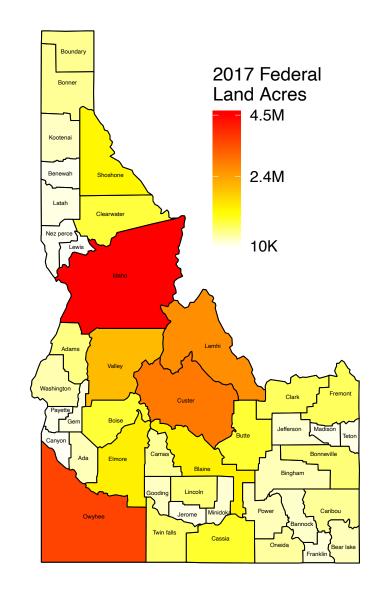


#### PILT Payments to Idaho Counties, 2008-2025 (Est)



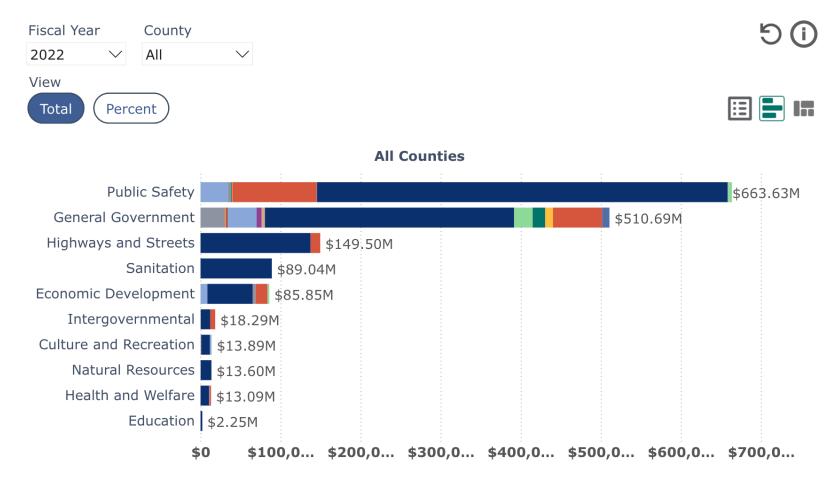
# Why PILT?

- 63% of land in counties is is federally managed and tax exempt
- 97% of Custer County is federally managed

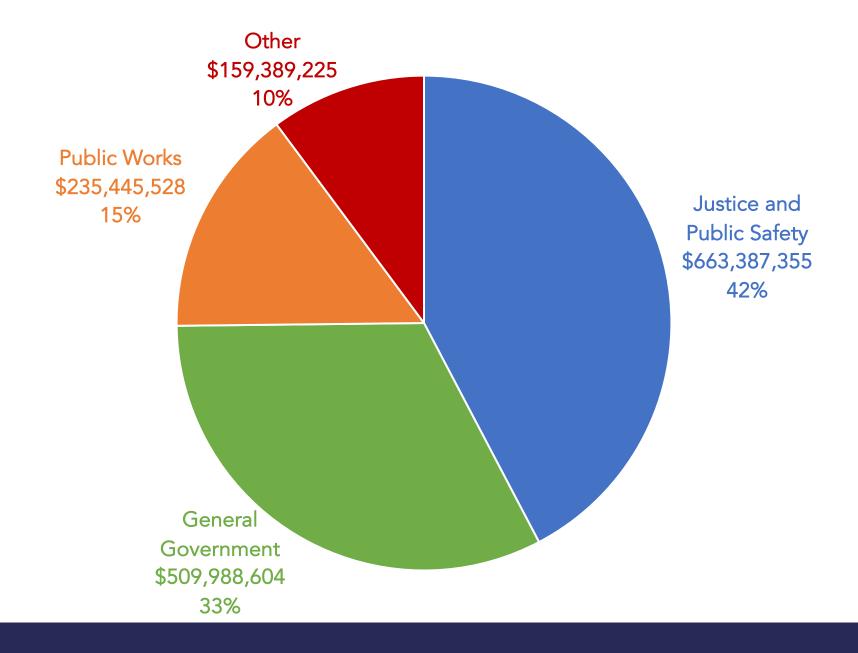




# County Expenditures

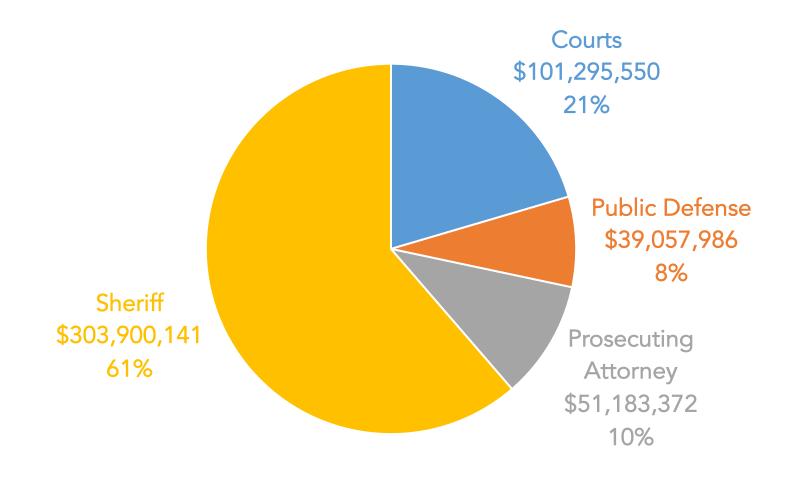






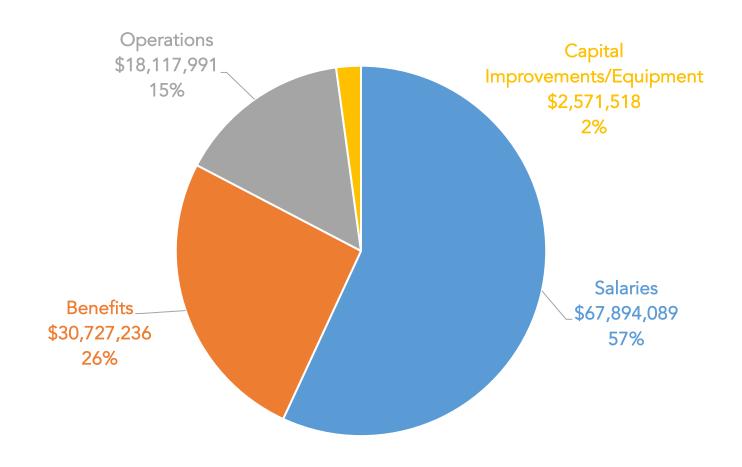


### County Criminal Justice Expenses (2019)



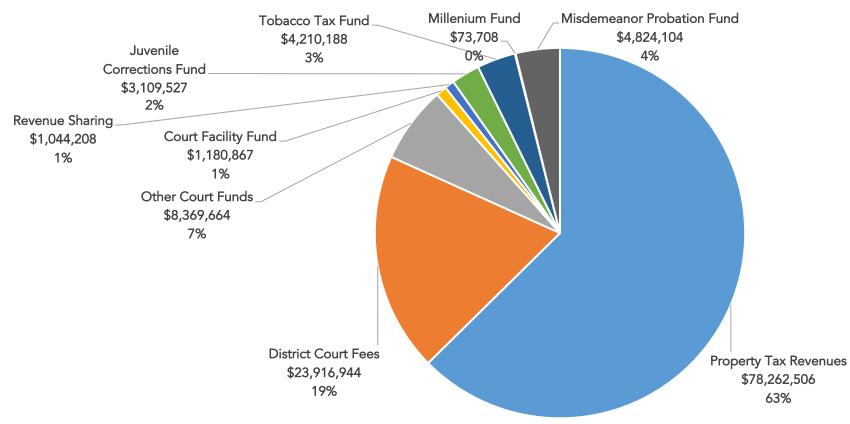


### District Court Expenses (2021)

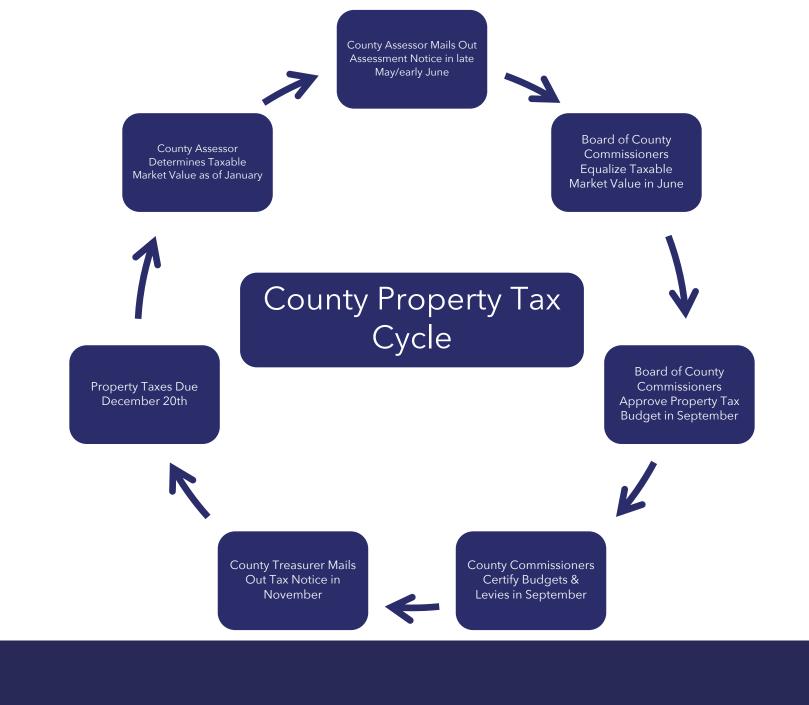




#### District Court Revenues (2021)

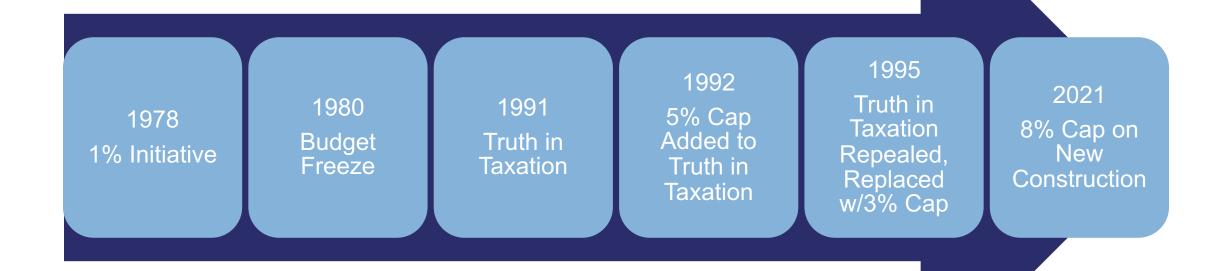








# Major Legislative Property Tax Reform Efforts



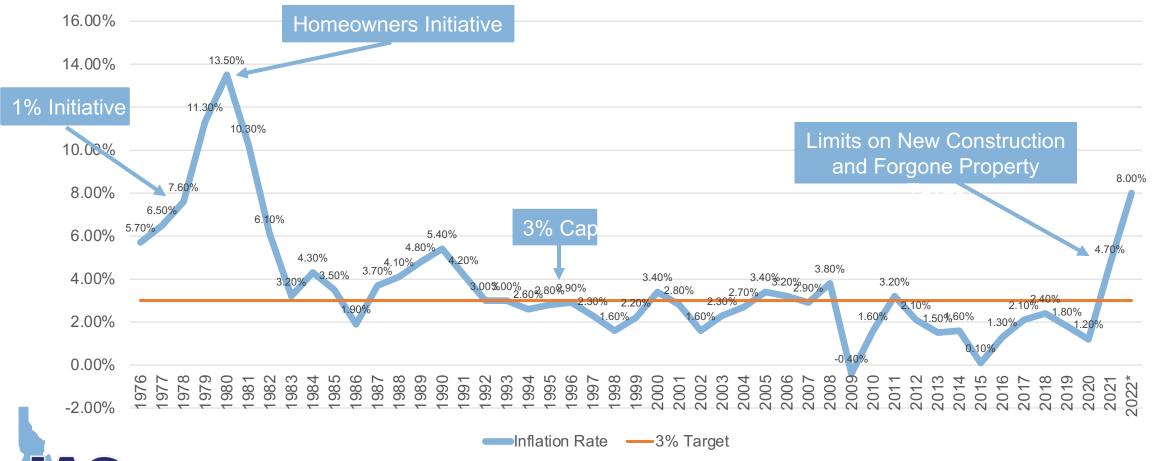


### Homeowners Exemption History

- Established by voter initiative in 1980 (50% of property value up to \$50,000)
- 2006: Legislature increased the exemption to 50% of property value up to \$75,000 and indexed annually
- 2016: Legislature increased the exemption to 50% of property value up to \$100,000 and removed the annual index
- 2020: Legislature increased the exemption to 50% of property value up to \$125,000 (without indexing)



#### Annual Inflation (CPI), 1976-2022





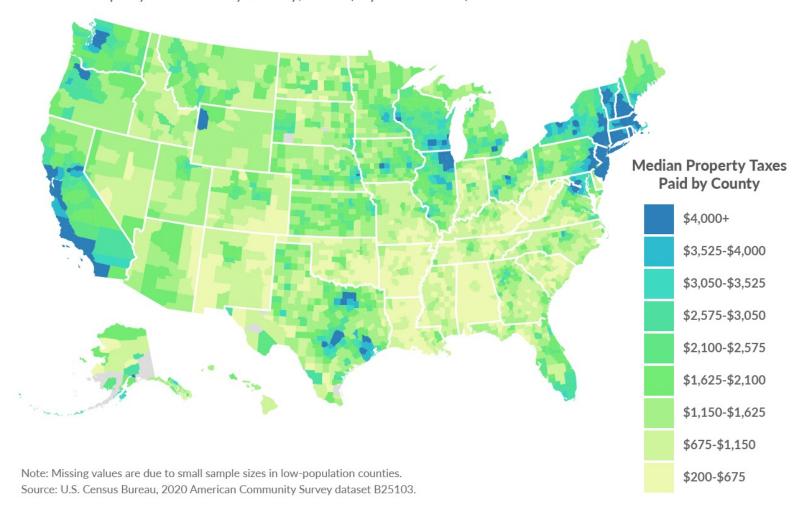
#### State and Local Tax Collections, 2003-2021





#### Where Do People Pay the Most in Property Taxes?

Median Property Taxes Paid by County, 2020 (5-year Estimate)

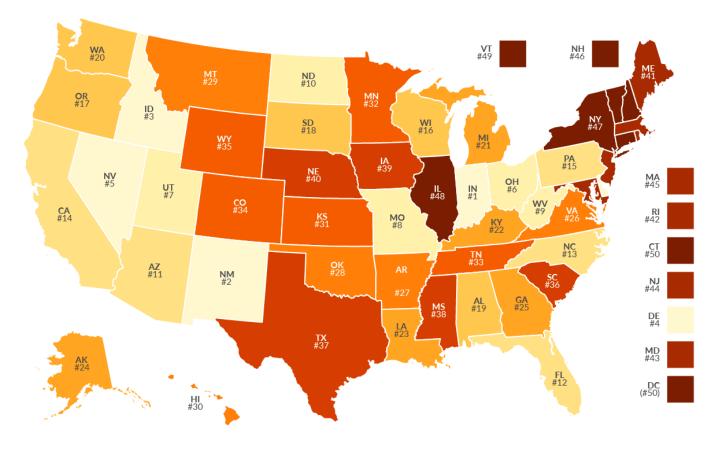




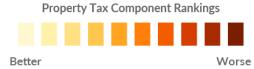
TAX FOUNDATION @TaxFoundation

#### How Does Your State Rank on Property Taxes?

Property Tax Component Rankings, 2022 State Business Tax Climate Index



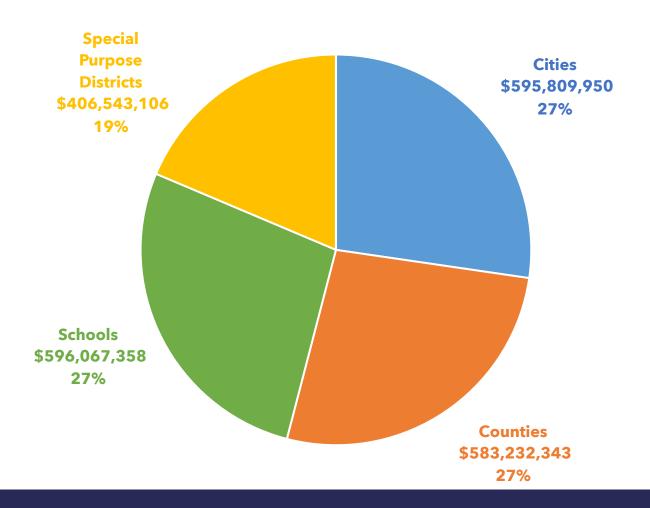
Note: A rank of 1 is best, 50 is worst. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2021 (the beginning of Fiscal Year 2022). Source: Tax Foundation, 2022 *State Business Tax Climate Index*.





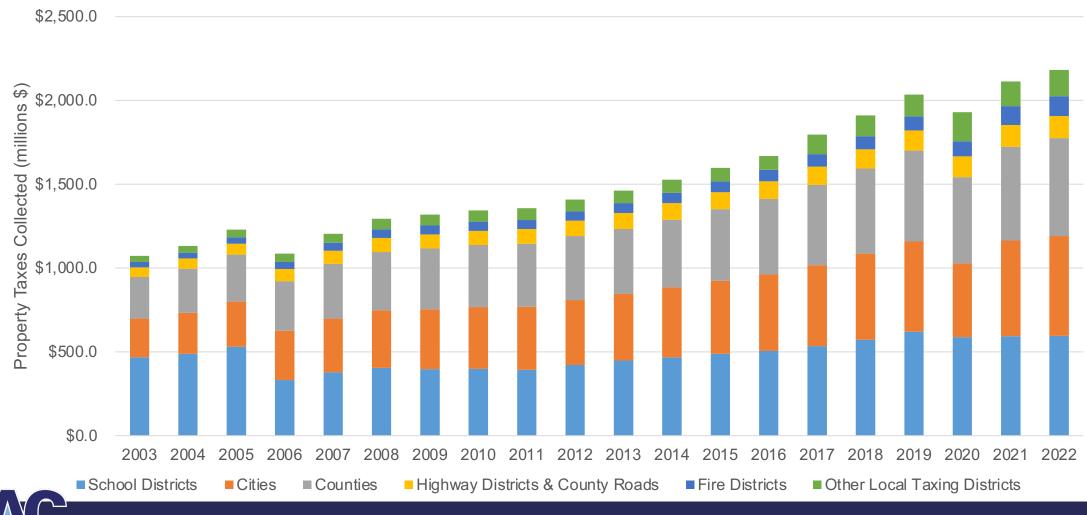
TAX FOUNDATION @TaxFoundation

# Allocation of Property Taxes (2022)

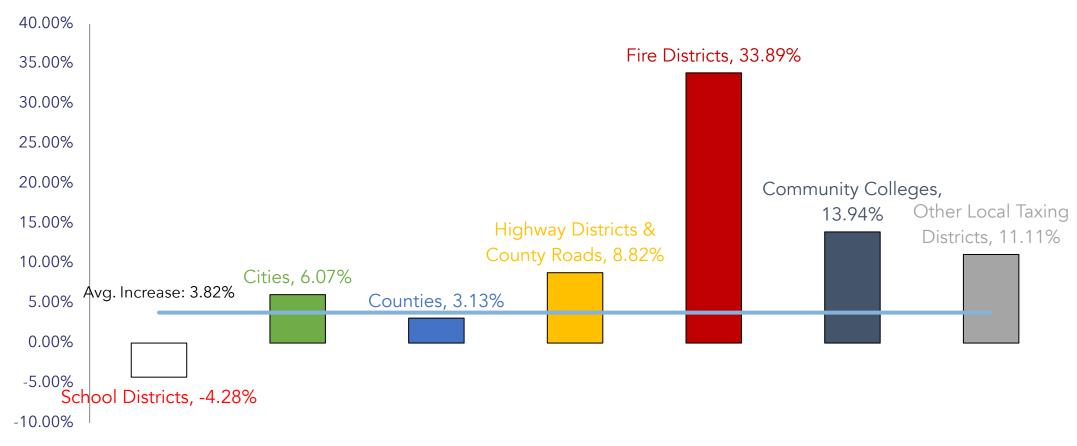




#### Statewide Property Taxes Collected (2003-2022)

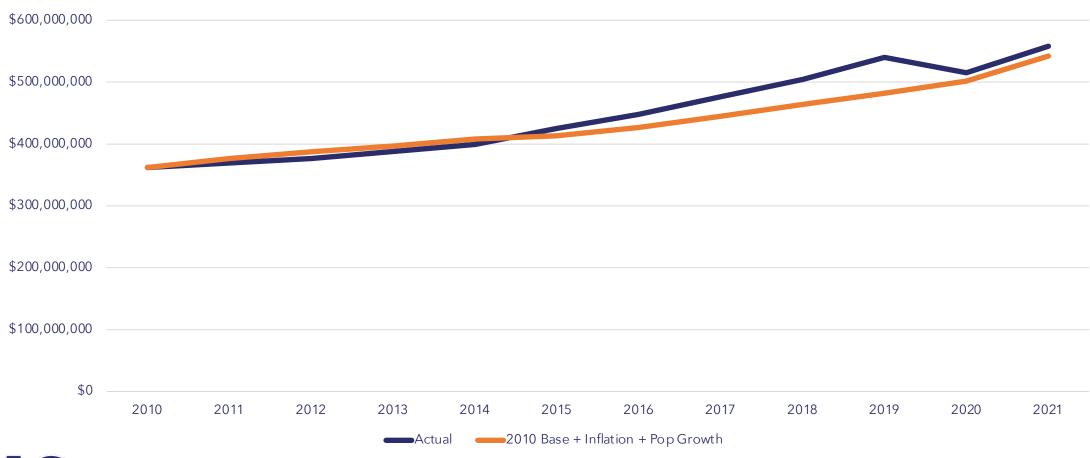


# Property Tax Budget Growth, 2019-2021





# County Property Tax Budget Growth vs Inflation + Population Growth



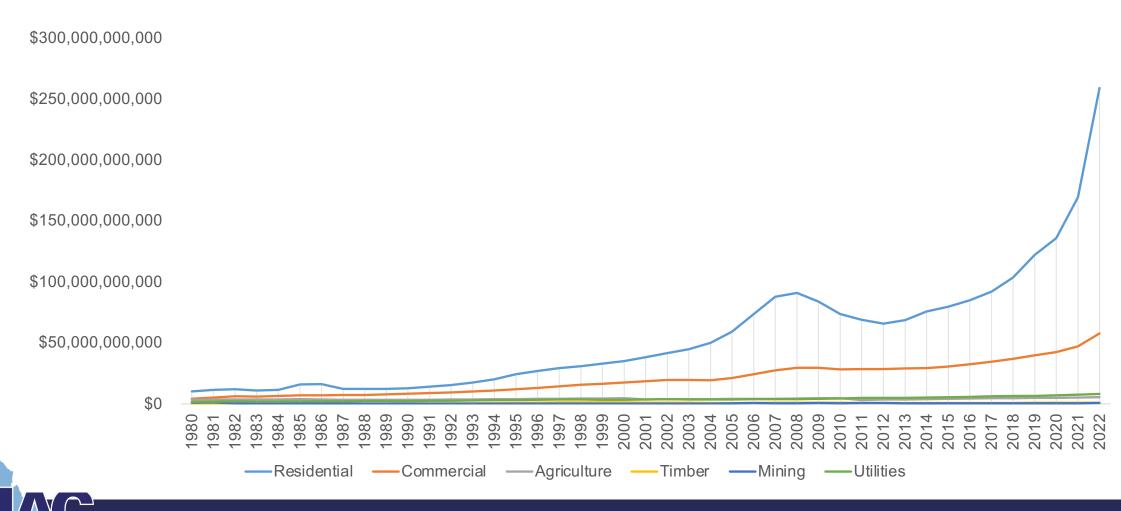


#### Assessment process

- Taxes to be uniform
- Market value state
- Annual ratio studies
- Alternative methodologies are used for some classes of property (indexes, cost approach, income approach, sales approach, etc.)

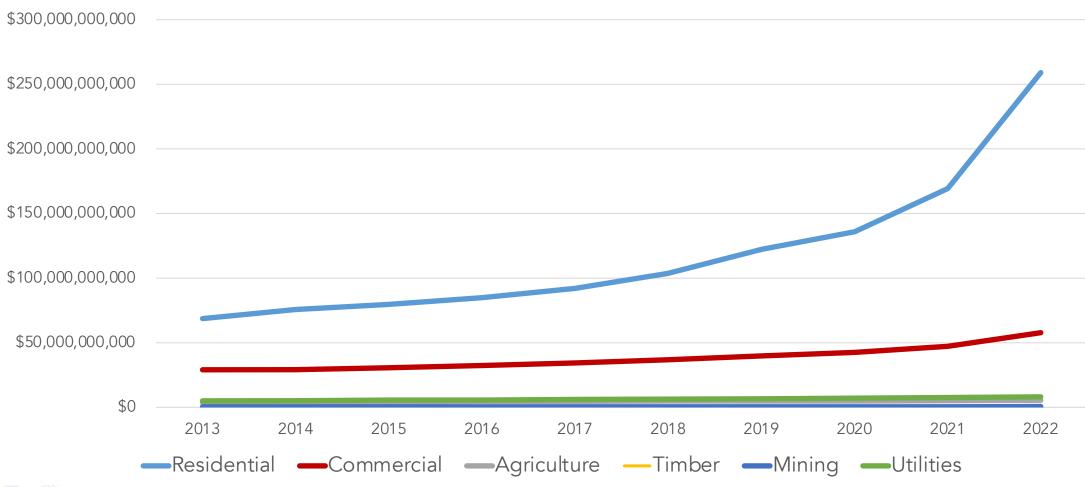


#### Taxable Market Valuation (1980-2022)



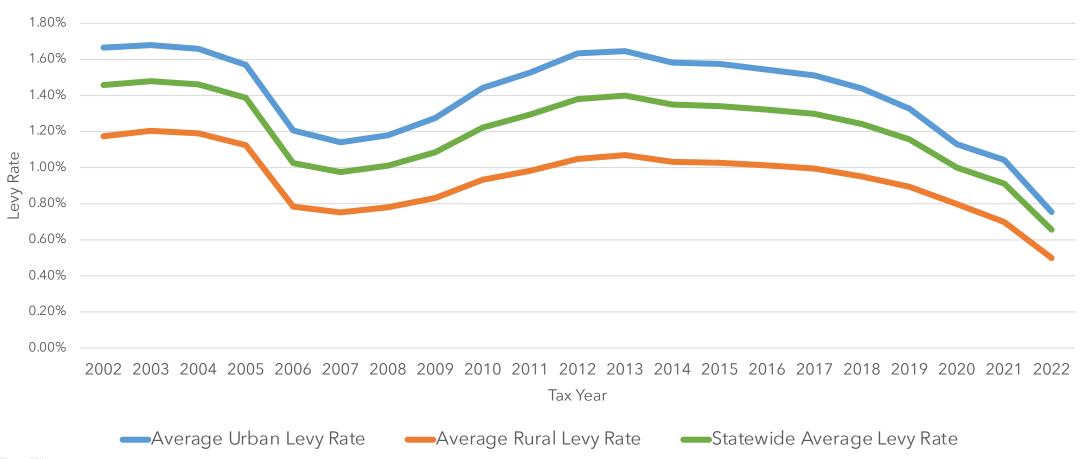


### Market Valuation (2013-2022)



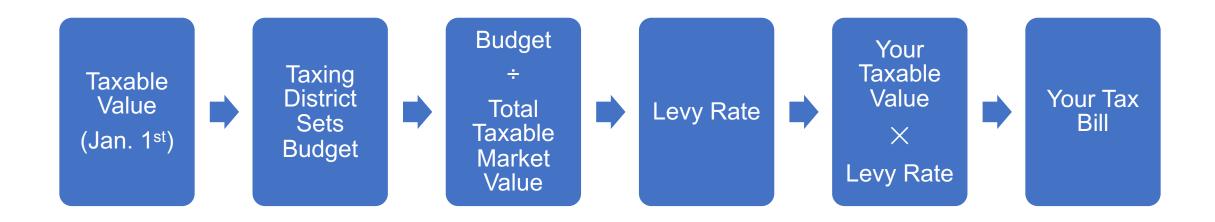


# Average Levy Rates (2002-2022)



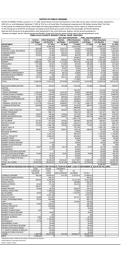


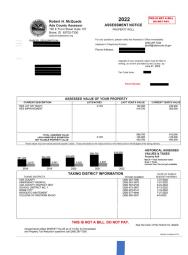
#### How Your Tax Bill is Calculated





2021 Values by Major Category — Excludes the Homeowner's Exception Contains 2021 Real & Personal Red and 2020 Sed Red Values							
County	Residential Total	Commercial Total	Agriculture	Timber	Mining	Utilities	Grand Total
ADA	57.523.037.362	17.219.776.438	68,498,700	0	25,500	975.163.232	75.786.501.232
ADAMS	681,079,605	66,755,250	36,990,439	25.262.376	8,672	90,909,710	901,006,052
BANNOCK	4.045.428.162	1.488.707.717	81,370,854	32,943	14,734	499,050,077	6.114.604.487
BEAR LAKE	925,490,599	68,481,189	60,380,625	90,274	92,037	169,540,628	1,224,075,352
BENEWAH	519,262,752	185,897,460	38,551,777	97,546,647	1,031,355	30,225,043	872,515,034
BINGHAM	1,525,708,100	638,092,103	232,513,882	0	1,342,893	218,986,373	2,616,643,351
BLAINE	12,628,844,642	1,081,049,007	48,761,070	411,034	44,235	107,615,446	13,866,725,434
BOSE	1,494,499,658	99,681,483	10,886,290	10,463,086	5,875	31,133,707	1,646,670,099
BONNER	7,874,711,522	1,214,312,538	35,640,595	109,931,981	2,236	467,813,714	9,702,412,586
BONNEVILLE	6,614,366,868	3,326,030,414	134,456,420	0	408,074	141,315,322	10,216,577,098
BOUNDARY	872,288,249	182,080,286	62,324,660	44,225,483	2,398	192,303,002	1,353,224,078
BUTTE	90,394,916	41,482,762	66,692,015	0	16,816	19,330,115	217,916,624
CAMAS	108,635,469	17,308,531	47,819,137	0	132,866	13,164,097	187,060,100
CANYON	15,626,598,773	5,392,741,807	391,630,302	2,235	0	352,200,804	21,763,173,921
CARIBOU	284,737,785	173,685,678	105,732,045	0	351,541,580	185,882,343	1,101,579,431
CASSIA	919,894,432	685,736,630	300,536,851	0	27,633	95,612,819	2,001,808,365
CLARK	25,120,458	16,764,685	58,622,430	0	23,720	57,001,772	157,533,065
CLEARWATER	406,736,934	105,415,534	21,284,937	211,401,432	215	19,044,250	763,883,302
CUSTER	483,806,342	145,792,279	44,957,380	2,900	129,707,205	18,816,994	823,083,100
ELMORE	1,515,131,340	258,694,372	136,453,423	105,994	23,395	457,747,528	2,368,156,052
PRANKLIN	767,784,517	144,707,538	80,558,976	0	3,266,396	136,404,188	1,132,721,615
PREMONT	1,924,832,340	187,701,674	114,222,475	325,190	0	54,118,685	2,281,200,364
CEM	1,637,257,744	195,537,059	68,211,911	2,180,994	129,290	36,617,526	1,939,934,524
GOODING	821,970,104	519,102,591	236,782,364	0	0	202,973,744	1,780,828,803
IDAHO	1,266,987,404	286,090,027	133,849,273	39,016,437	1,840,151	47,986,565	1,775,769,857
RIFFERSON	1,637,104,964	338,994,409	165,470,460	35,878	0	101,896,778	2,243,502,489
ROME	1,011,024,901	478,210,916	252,490,520	0	20,386	141,023,899	1,882,770,622
KOOTENAI	21,665,136,045	4,145,818,104	54,878,015	103,397,794	968	652,835,288	26,622,066,214
LATAH	1,892,113,583	650,492,285	203,503,991	90,200,317	1,541	65,478,806	2,501,790,523
LEMHI	614,314,078	155,843,706	81,194,797	0	10,759,333	46,000,653	908,112,567
LEWIS	142,799,891	56,431,437	123,781,631	5,770,887	2,087	12,884,584	341,670,517
LINCOLN	179,012,461	104,670,442	96,441,720	0	438,540	141,893,125	522,456,288
MADISON	1,244,438,637	1,141,132,979	112,369,778	500,000	747	50,598,516	2,549,040,657
MINIDOKA	952,085,485	496,363,964	242,750,260	0	0	88,738,736	1,779,938,445
NEZ PERCE	2,127,221,407	1,724,267,536	117,166,448	9,209,497	0	111,278,577	4,089,143,465
ONEIDA	202,397,353	59,155,722	74,675,585	0	293,520	80,894,596	417,416,776
OWYHEE	583,892,020	182,010,626	100,538,897	114,305	1,680,312	119,347,680	987,583,840
PAYETTE	1,511,084,698	555,776,829	89,886,962	0	260,437	257,404,754	2,414,413,680
POWER	261,296,461	438,366,990	172,806,323	0	0	238,000,615	1,110,470,389
SHOSHONE	804,577,538	233,388,397	1,896,172	125,018,979	33,809,505	106,087,519	1,304,778,110
TETON	2,496,314,223	246,760,471	61,722,233	0	31,464	12,274,656	2,817,103,047
TWIN FALLS	5,131,390,447	1,867,392,196	433,307,676	0	21,254	283,654,777	7,715,766,350
VALLEY	5,877,173,577	456,393,517	18,060,754	17,028,447	14,449	67,480,436	6,436,151,180
WASHINGTON	514,618,544 169 432 602 390	121,055,251	116,453,650 5 137 124 203	892.275.110	265,871 537,287,690	321,895,584 7,520,627,263	1,074,288,900

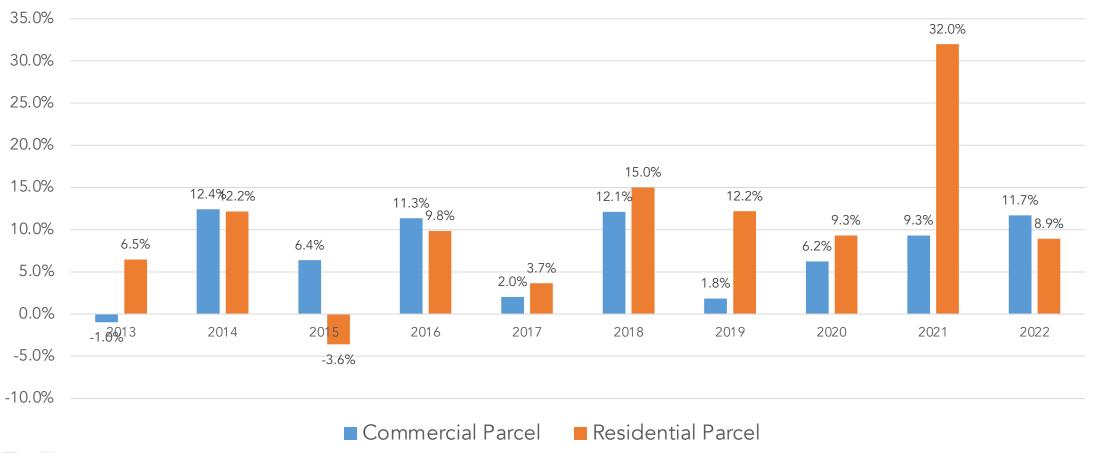






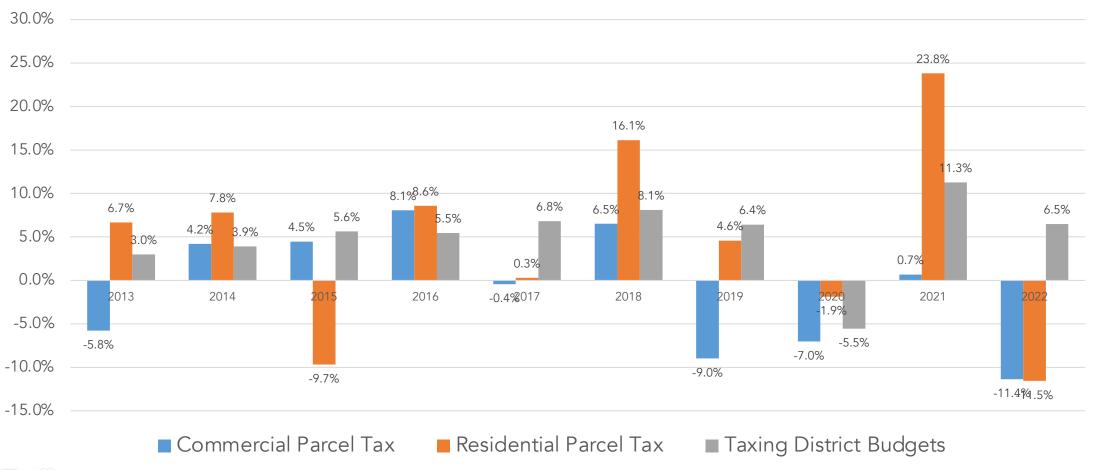


## Comparing Change in Market Value of One Commercial Parcel and One Residential Parcel





# Comparing Taxes Paid of One Residential Parcel and One Commercial Parcel in Ada County





## The 3% Cap

 A taxing districts base budget may increase by up to 3% of the highest property tax budget from the prior three years



#### Example

- 2020 Property Tax Budget = \$98
- 2021 Property Tax Budget = \$100
- 2022 Property Tax Budget = \$99
- What is the 2023 3% max budget?
- Answer: \$103



#### **New Construction**

- New Construction: Taxing district budget capacity in excess of 3% cap due to new development
- Preliminary Levy Rate: Estimated levy rate for ensuing tax year
- To Calculate:
  - Step 1: Multiply new construction value by 90%
  - Step 2: Multiply 90% of new construction value by the preliminary levy rate
  - Step 3: Product is added to a taxing districts base budget capacity



## The 8% Cap

A taxing district's budget may not increase by more than 8% including new construction

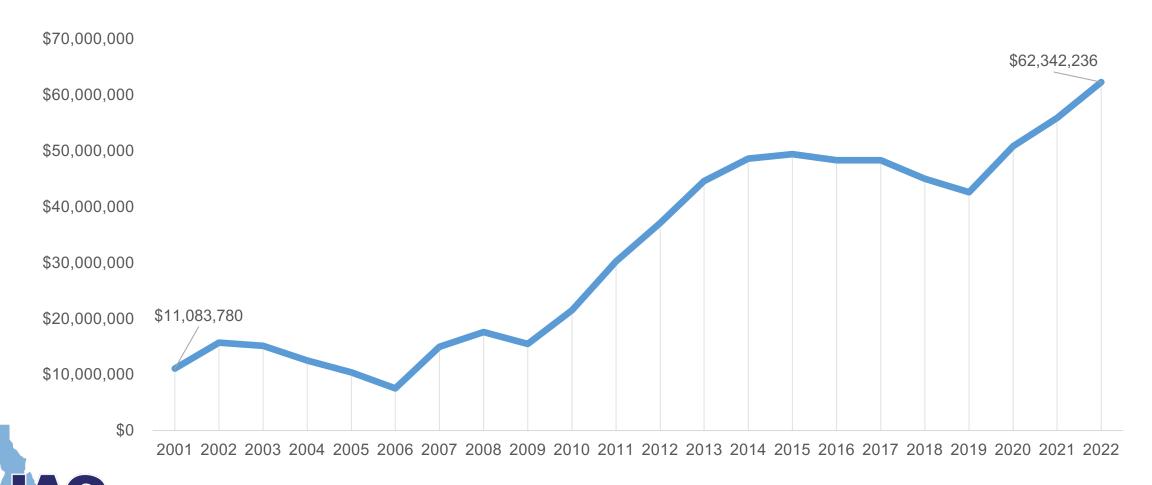


#### Forgone Property Taxes

- Property taxes that are not levied may be reserved for future budget purposes
- A taxing district may not increase its base property tax budget by no more than 1% per year from previously forgone property taxes



#### County Forgone Property Taxes (2001-2022)



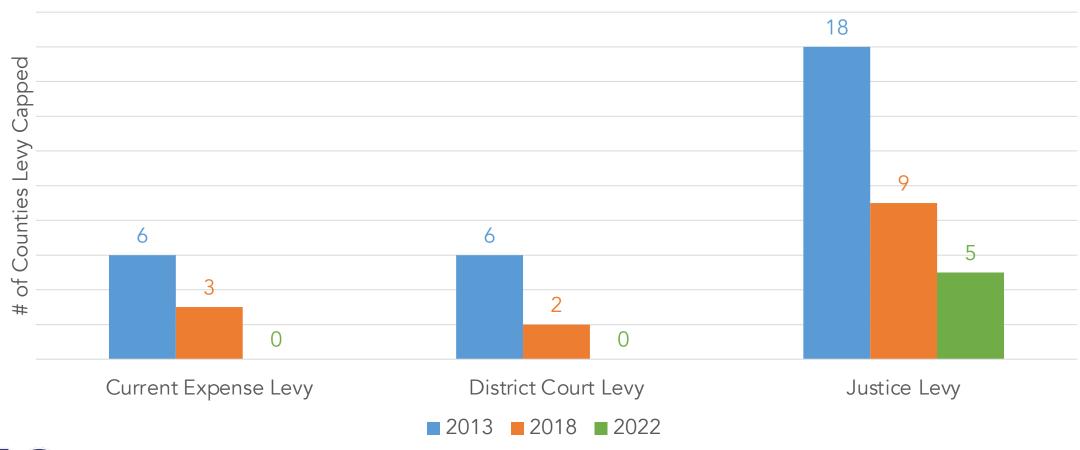


#### Levy Caps

- Most property tax levies have levy caps
- Levy caps are separate from budget caps
- A taxing district may never exceed statutory levy caps

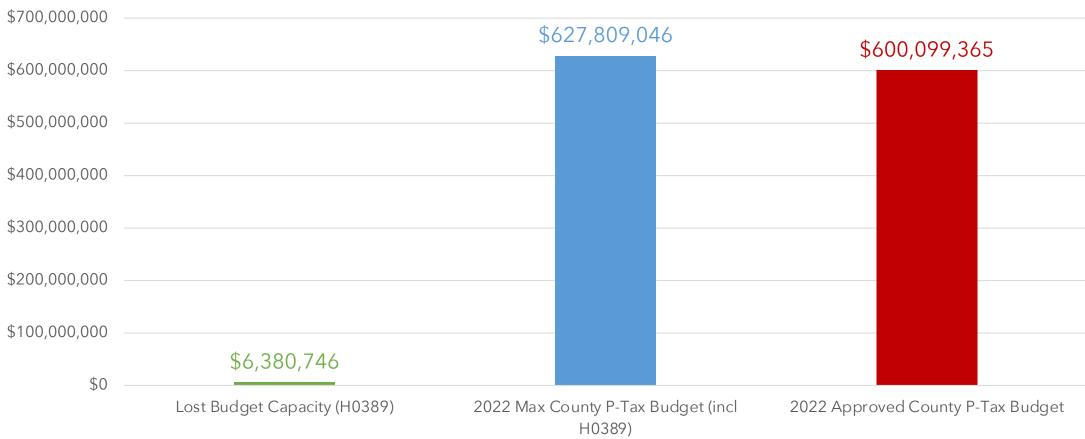


#### Impact of Levy Caps on Counties





# 2022 Max County Property Tax Budgets vs Actual Budgets





#### County Average Annual Property Tax Growth Rates

- 20 Year Average: 5.0%
- 10 Year Average: 4.5%
- 5 Year Average: 4.2%
- 3 Year Average: 2.7%



#### Sources

- State Tax Commission
  - https://tax.idaho.gov/governance/reports-and-statistics/
- Idaho Transportation Department
  - https://itd.idaho.gov/funding/?target=advisory-boards
- State Controller
  - https://localtransparency.idaho.gov/
- Department of the Interior
  - https://www.doi.gov/pilt
- Legislative Services Office
  - https://legislature.idaho.gov/fiscal-dashboards/

